

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY LAGOS

C O N F I D E N T I A L STATE 017483

E.O. 11652: GDS

TAGS: BEXP, NI

SUBJECT: MAJOR PROJECT: NIGERIAN EXPORT REFINERIES

REF: LAGOS 00440, LAGOS 10676

1. MEPD CONFIRMED WITH ASHLAND THAT THEY ARE NO LONGER INTERESTED IN EXPORT REFINERY. ONE REASON CITED WAS ASHLAND'S PREFERENCE FOR LARGER EQUITY SHARE THAN NIGERIANS WILLING TO GRANT.

2. HAVE DISCUSSED REFINERY WITH GULF OIL TRADING CO. (GOTC), DIVISION GULF OIL, WHICH IS CONSIDERING PRESENTATION OF PROPOSAL ON EXPORT REFINERY. GULF IS NOT INTERESTED IN MAJORITY EQUITY PARTICIPATION. ON CONTRARY, HAVE IN MIND PRESENTATION OF TURNKEY PROPOSAL WITH ASSISTANCE IN MARKETING AND OPERATING UNTIL TIME THAT NIGERIANS CAN RUN REFINERY THEMSELVES. THIS WOULD BE ON EITHER MINIMUM REPEAT MINIMUM EQUITY OR STRICTLY

CONSULTANCY BASIS FOR FEE OR PRODUCT TAKE. GULF HAS NOT YET MADE CORPORATE DECISION TO GO AHEAD WITH PROPOSAL AT THIS TIME AND MAY BE FEW MONTHS BEFORE APPROACH TO NIGERIANS IS MADE. IF NIGERIANS MOVING TOWARD SHORT-LIST OF OFFERS, THEN MAY NOT BE TIME REMAINING TO
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AWAIT GULF PROPOSAL, IN WHICH CASE MEPD WILL ATTEMPT ENCOURAGE GULF TO MOVE MORE QUICKLY. MEANTIME WILL TRY INTEREST OTHER PARTIES.

3. GULF INFORMS THAT THEY ARE CURRENTLY ENGAGED IN CRUDE PRICE NEGOTIATIONS WITH FMG AND THEREFORE DO NOT WANT THEIR INTEREST IN REFINERY MADE KNOWN TO NIGERIANS AT THIS TIME. HOWEVER, WOULD APPRECIATE DISCRETE INQUIRY AS TO TIMING OF SHORT-LIST AND WHETHER NIGERIANS STILL OPEN TO PROPOSALS. ALSO, WHILE WE BELIEVE GULF'S PLANNED MINIMUM EQUITY POSITION MEETS FMG CRITERIA, QUESTION OF EQUITY COULD BE EXPLORED FURTHER WITH FMG. AT SAME TIME, WOULD LIKE CONFIRMATION, IF POSSIBLE, THAT TENNECO PROPOSAL HAS BEEN THROWN OUT AND REASON IF OTHER THAN CITED PARA 6 REF B.

4. FYI - GOTC SENDING REP FIRST WEEK OF FEB TO BE FOLLOWED BY GROUP ON SECOND OR THIRD WEEK TO EXPLORE POSSIBLE LUBE OIL FACILITY AND OTHER OPPORTUNITIES. INGERSOLL

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